

**PRESENTATION OF
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NATIONAL AUTOMOBILE DEALERS ASSOCIATION
BEFORE THE U.S. EPA
JULY 25, 2001**

Good afternoon, my name is Rob Braziel and I am speaking to you today on behalf of the National Automobile Dealers Association (NADA). NADA represents roughly 20,000 or about 90% of the franchised automobile and truck dealerships throughout the country who sell new and used motor vehicles and who engage in service, repair and parts sales. Together they employ in excess of 1,000,000 people nationwide, yet more than 60% are small businesses as defined by the Small Business Administration.

It is important to note that franchised dealerships are independent businesses who have made a major investment in their service and parts operations. In 2000, franchised dealers together operated over 387,000 service stalls, employed more than 258,000 technicians and carried parts inventories valued at over \$5 billion. On June 8, EPA published a proposal to revise its rules governing the availability of information for the use of on-board diagnostic systems. Through the years, NADA has testified and commented numerous times on “information availability” issues. In addition to my testimony today, NADA will be providing additional written comments by the August 27th deadline.

I. VEHICLE MANUFACTURER INFORMATION WEBSITES

NADA supports EPA’s proposal to shift the mandatory service information delivery mechanism from the NTIS FedWorld information clearinghouse (opposed by NADA in 1993 as being too “formal, complex, and costly”) to individual vehicle manufacturer (OEM) websites. Individual OEM websites are (or will be) much more user friendly for dealers and others involved in emissions-related repairs. At the same time, NADA does not believe it to be appropriate for EPA’s rule to micromanage these websites. For example, there is no need for EPA to dictate how the information on these sites is searched or indexed, whether the information can be downloaded,

and how, what, or who the OEMs can charge for the information. What is important is that the appropriate information reside on OEM websites in a manner which is generally user-friendly and timely.

The National Automotive Service Task Force (NASTF) has developed a Vehicle Manufacturer Service Information Matrix that is displayed on iATN's website. The Office of Transportation and Air Quality's website should display its own emissions-related service information matrix or clearinghouse containing links to the OEM websites and lists of other manufacturer-specific information.

Regarding lead-time for "putting up" emissions-related service information on these new websites, NADA suggests an effective date of MY 2003 and a requirement that information for older model years (1994-2002) within 2 years after a final rule is published. It is important to recognize that dealers and other service facilities already have or, in the case of MY 2002, will soon have accessed emissions related information under the existing rule. Of course, the OEMs are free to move past model year information onto their websites sooner and have an incentive to do so because it gets them off of FedWorld.

II. PERSONS ENGAGED IN THE REPAIRING OR SERVICING OF MOTOR VEHICLES OR MOTOR VEHICLE ENGINES.

Before commenting on EPA's proposed amendments to what constitutes "emissions-related" service information, I feel compelled to address a disturbing and unnecessary theme that runs throughout the proposal. The proposal contains a new term "after market service provider." This term is defined to mean "any individual or business engaged in the diagnosis, service, and repair of a motor vehicle or engine who is not directly affiliated with a manufacturer or manufacturer

dealership.” Now, no such language is found in the existing rule and for good reason. The existing rule mirrors the statute in that it refers only to “any person engaged in the repairing or servicing of motor vehicles or motor vehicle engines.” Unfortunately, the proposal, by using this term and otherwise, appears in a number of places to foster an unnecessary and unproductive “we vs. them” atmosphere.

While some in the automotive maintenance industry seem willing to couch the OBD information issues in these terms, the truth is that yes, persons engaged in the repair or servicing of motor vehicles and engines often compete with each other, but they are also often each others sublet and parts customers.

According to AAIA, dealerships account for less than 30% of all service and repair business. Note that most of these dealerships handle more than one franchise, each of which requires a huge investment in special (including emissions-related) tools, in training, and in information. Moreover, in 2000 the average dealership sold 427 out-of-line used vehicles, many of which required service by other service providers. Believe me, franchised dealerships are no less concerned about the ever-increasing costs and complexities of doing business than any other entity engaged in the repair of motor vehicles and engines. What I’m suggesting is that the final rule not contain any reference to “aftermarket service providers” and should be drafted in a manner that reflects the broadly neutral language and intent of the statute.

The bonafide purpose of Section 202(m)(5) is to ensure that when OBD systems detect emission system malfunctions or deteriorations, essential information is available to service providers (including dealers), to make use of those OBD systems and to make the diagnoses and repairs necessary to address the concerns. While it can be argued that any competitive advantage in the service marketplace, OBD-related or otherwise, rests with non-dealer providers (given their

lower overhead and unbridled discretion to purchase and use either OEM or less expensive aftermarket parts, tools, information, and equipment) what really matters is that EPA lacks the authority to involve itself in issues of industry competition and must refrain from attempting to subsidize those service, parts, tool, or information providers unwilling or unable to make necessary business investments.

III. ANTI-THEFT SYSTEM INFORMATION

EPA clearly lacks the authority to require the unfettered dissemination of anti-theft system information. Just as importantly, the very idea of doing so is absurd. I find it hard to imagine that the agency consulted with the National Highway Traffic Safety Administration, the U.S. Customs Service, the National Insurance Crime Bureau and other vehicle theft experts before drafting this proposal? I also wonder if any, OEMs, anti-theft systems manufacturers, or dealers were consulted. Not unlike with the replacement of vehicle keys, very carefully controlled procedures must be utilized when handling vehicle specific anti-theft information. NADA looks forward to working with EPA to develop a realistic process to address the restarting of vehicles disabled by anti-theft features during emissions-related repairs.

IV. OBD SERVICE INFORMATION AND HEAVY-DUTY VEHICLES

NADA's American Truck Dealers division, which represents some 1900 franchised truck dealers, has long supported OBD mandates for medium and heavy-duty vehicles. However, until an OBD mandate is issued for heavy-duty vehicles, there is no need to include them in a service information or "maintenance instruction" rule. Simply put, the heavy-duty industry involves many different factors and players (e.g., independent engine manufacturers, engine distributors, and engine

rebuilders) that need to be considered.

V. TRAINING INFORMATION

The statute says nothing about training and neither should the rule. Dealerships invest thousands of dollars annually in off-site, satellite, and web-based product specific technician training. EPA's "video tape" proposal would undermine this investment. In addition, while third-party training providers used by non-dealership service providers and technicians should be encouraged to contract with OEM's for emissions-related information and vice versa, EPA has no authority to mandate OEM-third party provider relationships.

When judging whether or not training materials and other service information are being provided at "fair and reasonable" prices, EPA should consider as one factor the price dealerships pay for the same or similar information obtained elsewhere, and should amend the language set out in its "cost of required information" section commensurately.

VI. VEHICLE REPROGRAMMING

The existing rule requires OEMs who make reprogramming available to dealerships either to offer reprogramming tools or provide information to aftermarket tool and equipment companies. Moreover, service providers who elect not to purchase reprogramming tools currently are free to sublet for emissions-related reprogramming with dealerships or other service providers who have invested in the capability. These options are more than adequate to ensure that all vehicles in need of emissions related reprogramming get the service. Thus, NADA objects to any attempt to compel OEMs to control dealership reprogramming services. Moreover, it would be unfair to dealers and other service facilities who have already purchased special tools to mandate that OEMs now provide

past model year reprogramming information to third party tool and equipment manufacturers.

VII. CONCLUSION

NADA looks forward to continuing to work with EPA towards the successful implementation of its OBD and OBD/I/M regulations. OBD systems will play a vital role in the future identification of emission system malfunctions and deteriorations and will help to maximize the benefits associated with tighter emission control requirements. Of course, in addition to the concerns I've talked about today, NADA recognizes that we must all work together to ensure that the motoring public adequately understands OBD systems and the value of proper emissions-related maintenance and repair.

On behalf of NADA, I thank you for your time and consideration.